

and until the measure is finally enacted it is impossible to know that compensation, if any, will be fixed. But whether the money is loaned at 1½ per cent or is loaned without interest, it is evident that the banks receiving the money can make a large profit by loaning it. If, for instance, \$300,000,000 is loaned to the banks at 1½ per cent the amount paid to the government would be four millions and a half. If this money is loaned out at 3 per cent, the banks' profit is four millions and a half. If it is loaned at 4½ per cent the banks make a profit of \$9,000,000; if it is loaned at 6 per cent the profit is \$13,500,000.

The banks that receive the benefit of these deposits can well afford to contribute to the campaign fund of the party that continues them. At the lowest rate suggested above the banks would make four millions and a half. If they can make this sum each year for four years, can they not afford to give one year's profit to insure four years more? Is it not apparent that the Aldrich bill lays the foundation for an enormous corruption fund? At the lowest possible rate at which any one will calculate the profit to the banks, the national banks can afford to contribute more to the campaign fund of the party that favors them than can be collected from all the people by any party that opposes special privileges and seeks merely the equal rights of all.

It may be added that the Aldrich bill is objectionable because it permits the deposit of miscellaneous assets, as a security for the loan of government money. First mortgage railroad bonds under certain conditions are declared by the bill to be sufficient to secure the deposit of money. Heretofore the government has protected itself by taking its own bonds as security for deposits. While all the other objections made to this system are good against deposits, even when government bonds are given as security, still the government is protected, but in the case of the deposit of miscellaneous securities the government may or may not be secure. It is apparent that the designation of bonds as suitable for security must have a powerful influence upon the stock market? Is it wise or safe that the government should thus connect itself with the stock exchange?

The congestion of money in the treasury is due to the collection of more taxes than the government needs. Why not reduce taxation? That would be a protection against any future surplus. The surplus now on hand can be used buying up the government's obligations. The purchase of government obligations would not only stop interest, but would relieve the government of the embarrassment which it finds in having on hand so large a sum of money. But the surplus on hand would not bother the government so much but for the fact that there is a scarcity of money in the country. Whenever we attempt to increase the quantity of real money we are told that we do not need any more money. As soon as this argument is forgotten the banks begin clamoring for an opportunity to use the government surplus and alleging as an excuse that the money is needed in the channels of trade. It is possible to have enough money to do business with and thus enable the government to keep in the treasury whatever money it has on hand. This is not only possible, but it is desirable, for it avoids the various questions which arise in connection with the loaning of government money. Then, too, if the money is locked up in the treasury the people who need more money will be interested both in increasing the volume of money and also in reducing taxation. Where the money is held in the treasury powerful interests are brought to the support of the people in their demand for a sufficient volume of money and for an economical government, whereas these same interests are arrayed against the people when unnecessary taxes can be collected and the unnecessary surplus loaned out to the financiers. The republican policy is to take from the people money that ought to remain in the people's pockets and then loan the money to

the banks on the ground that the people need it. The democratic policy is, first, to have a sufficient volume of money to do business with; second, to collect only so much as is needed for the economical administration of the government, and, third, to keep the government money in the government vaults, and avoid the evils that follow the loaning of government funds. By the way, are you not now doing without legal authority what the Aldrich bill is intended to authorize?

THE COMMONER.

Manana.

After apologizing for the removal of Miss Todd, the postmistress at Greenwood, Del., Walter Wellman, the Washington correspondent for the Chicago Record-Herald, says:

"At the same time the comment of the press generally, now that the affair has attracted attention in all parts of the country, is so unfavorable to the huckstering of politicians in postoffices that it is regarded as quite probable President Roosevelt will soon—that is, after the presidential election—take steps to revolutionize the system and have the fourth-class postoffices placed under the civil service."

It is interesting to be assured by Correspondent Wellman that "it is regarded as quite probable President Roosevelt will soon—that is, after the presidential election—take steps to revolutionize the system and have the fourth-class postoffices placed under the civil service."

Manana, manana, manana, seems to be a very popular cry under the republican administration.

"After the presidential election," the republicans will revise the tariff.

"After the presidential election," the republicans will amend the currency laws.

"After the presidential election," the republicans will establish the merit system to which Mr. Roosevelt and republicans generally have professed devotion.

"After the presidential election"—but "after the presidential election" there may be no republican party.

The Supply of Carnegies.

In an address delivered at Barrow-in-Furness, England, recently and relating to the cost of producing steel billets in the United States, Andrew Carnegie said:

"There have been made and sold without loss hundreds of thousands of tons of four-inch steel billets at three pounds for a penny. . . . This was done during the day of depression, when everything was at the lowest. Costs are several dollars per ton higher today, during this period of boom in America."

The Chicago Record-Herald in its issue of September 3, commenting upon Mr. Carnegie's statement, said:

"If we turn this statement into terms of American money we discover that, according to Mr. Carnegie, four-inch steel billets can be made and sold at a profit at Pittsburgh today for \$13.50 per ton, plus 'several dollars per ton.' 'Several' in this connection can hardly mean more than 'three or four.' Let us be liberal and call it 'five.' A profitable price for the billets should therefore not be over \$18.50 per ton."

"When we turn to the Pittsburgh price quotations as given in the last number of the Iron Trade Review, we find that the current prices for four-inch Bessemer and open hearth steel billets range from \$27 to \$29 per ton. In other words, the producers are making from \$8.50 to \$10.50 per ton more than they can possibly have any good commercial claim to make. And at that prices are off some \$6 from what they were last spring."

"Mr. Carnegie thinks that the day of cheap steel is over. 'It is doubtful,' he says, 'if ever a lower price can be reached for steel. On the contrary there is every indication that period after period the price of steel is to become dearer, owing to the lack of raw materials.' He instances the unfortunate case of the United States steel corporation, which possesses only a sixty-year supply of steel in its mines."

"Most Americans will be willing to take their chances with the supply of 'raw material.' It is when the supply of Carnegies is considered that pessimism as to the future course of prices will seem to them justified."

So long as human nature remains unchanged "the supply of Carnegies" will be practically inexhaustible, provided there be a political organization, like the republican party, having the power and the disposition to extend to individuals the special privileges in the possession of which the Carnegies obtain riches beyond calculation.

Most Americans would, indeed, be willing to take their chances with the supply of "raw material." And if powerful newspapers like the Record-Herald would abandon the support of a political organization that extends special privileges at the expense of the people, that takes money out of the pockets of the many to place it in the pockets of the few, then there would be no justification for pessimism even in the contemplation of "the supply of Carnegies."

As long as the world stands there will be men ready and willing to take advantage of their fellows and to thrive by imposition upon the public; and men like Carnegie will grow rich and thrive, just as Carnegie grew rich and thrived, so long as men like the editor of the Record-Herald content themselves with protesting against impositions upon the people between election days while they go to the ballot box and cast their vote for the party that is responsible for those impositions and boldly acknowledges its determination to pursue its evil course.

Mr. Shaw as a Legislature.

Secretary Shaw has deposited the sum of \$2,500,000 in the national banks of St. Louis, the same to be secured by the deposit of state and municipal bonds rather than by government bonds.

The purpose of the Aldrich bill was to substitute for government bonds, as security for government deposits, state bonds, municipal bonds, or first mortgage bonds of railroads. By accepting state and municipal bonds in lieu of government bonds, for the deposits at St. Louis, Secretary Shaw has practically put in operation the provisions of the Aldrich bill, a measure that has not yet been passed and against the passage of which many republicans are protesting.

The Washington correspondent for the St. Louis Republic points out that Secretary Shaw's action in St. Louis differs in several respects from his action last year in accepting such security for public deposits. This correspondent analyzes Mr. Shaw's action in this way:

"A year ago the secretary was anxious to obtain an increase in the national bank circulation, and he did so by allowing depository banks to substitute state and municipal bonds for part of the United States bonds they had on deposit to secure public moneys held by them, and they were then required to take out circulation based on the United States bonds thus released. The state and municipal bonds were then accepted as security for deposits to an amount equal to three-fourths of their par value."

"In making the St. Louis deposits the secretary does not require the banks to substitute the state and municipal bonds for United States bonds already deposited by them with the treasury. If he had done so, the result would not have been to afford security for any additional amount of deposits, but there would have been a simple changing of one form of security for another. Neither does he require the banks to take out additional bank-note circulation."

If, without the authority of law, Secretary Shaw may substitute state and municipal bonds for government bonds, he may also substitute first mortgage railroad bonds; and when he has done that he will have carried out, practically, the provisions of the Aldrich bill. But we are told that in accepting state and municipal bonds, as substitutes for government bonds, Mr. Shaw does not require the favored bankers to take out circula-